SENATE COMMITTEE ON EDUCATION

Senator Benjamin Allen, Chair 2017 - 2018 Regular

Bill No: SB 1471 Hearing Date: April 4, 2018

Author: Hernandez

Version: February 16, 2018

Urgency: No **Fiscal**: Yes

Consultant: Olgalilia Ramirez

Subject: Cal Grant Program: Competitive Cal Grant A and B awards

SUMMARY

This bill increases the total number of Competitive Cal Grant awards authorized from 25,750 to 30,000.

BACKGROUND

Existing law:

- 1) Authorizes the Cal Grant Program, administered by the California Student Aid Commission, to provide grants to financially needy students to attend college. The Cal Grant programs include both the entitlement and the competitive Cal Grant awards. The program consists of the Cal Grant A, Cal Grant B, and Cal Grant C programs, and eligibility is based upon financial need, grade point average, California residency, and other eligibility criteria, as specified in Education Code § 69433.9. (Education Code § 69430-69433.9)
- Provides for the Cal Grant A and B Entitlement programs. The Cal Grant A High School Entitlement Program provides tuition fee funding for the equivalent of four full-time years at qualifying postsecondary institutions to eligible lower and middle- income high school graduates who have at least a 3.0 grade point average (GPA) on a four-point scale and apply within one year of graduation. (EC § 69434)

The Cal Grant B High School Entitlement Program provides funds to eligible low-income high school graduates who have at least a 2.0 GPA on a four-point scale and apply within one year of graduation. The award provides up to \$1,672 for books and living expenses for the first year and each year following for up to four years (or the equivalent of four full-time years). After the first year, the award also provides tuition fee funding at qualifying postsecondary institutions. Current law authorizes up to 2 percent of new Cal Grant B recipients to be eligible for payment of tuition or fees or both in their first academic year of attendance. (EC § 69435.3)

Also establishes the Cal Grant Competitive Award Program and provides 25,750 Cal Grant A and B awards to applicants who meet financial, academic, and general program eligibility requirements. Half of these awards are reserved for students enrolled at a community college and who met the September 2 application deadline. (EC § 69437-§ 69437.7)

ANALYSIS

This bill increases the total number of competitive Cal Grant awards authorized from 25,750 to 30,000.

STAFF COMMENTS

- 1) **Need for the bill.** According to the author, "the Cal Grant financial aid system is one of the most robust in the country, yet it fails to provide assistance to many applicants who are considered non-traditional. Last year 400,000 eligible students applied for 25,750 Competitive Cal Grant awards, yielding only 6.4% recipient success rate. With eligible non-recipients typically coming from very low-income disadvantage backgrounds, the very students who need financial aid the most are routinely being denied benefits because there are simply not enough awards available."
- 2) Majority of Cal Grant applicants do not qualify for Entitlement program.

 Current law establishes Cal Grant A and B awards as an entitlement for students meeting certain eligibility criteria. This means the state automatically funds as many students as qualify. However, according to a 2016 report by The Institute for College Access & Success (TICAS), How and Why to Improve Cal Grants: Key Facts and Recommendations, the majority of Cal Grant applicants do not qualify for Entitlement awards because they are more than a year out of high school, decide to go to college after the Entitlement application deadline, or do not meet age or other requirements when they transfer. For these students, the alternative would be a Competitive Cal Grant.
- Competitive Cal Grant program. According to the California Student Aid Commission, the competitive program is oversubscribed with applicants that failed to meet the Entitlement programs (High School and Transfer), in a given year, approximately 300,000 to 350,000 applicants compete for the 25,750 awards. TICAS reports, that among the eligible applicants not offered Competitive Cal Grants: 1) more than 160,000 had an "estimated family contribution," of zero, meaning that the federal government estimated they could not afford to put any financial resources towards paying for college; 2) more than 140,000 had family incomes below the federal poverty line for their household size; and 3) more than 28,000 were single parents. These applicants appear to be among the neediest students seeking aid.

The 2015 Budget Act increased the number of competitive Cal Grants that would be funded from 22,500 to 25,750 beginning in the 2015-16 academic year. Prior to this action, the Competitive Cal Grant remained unchanged since it was established. This bill would authorize an additional 4,250 competitive awards.

4) Related legislation.

AB 1721 (Medina, 2016) increases the total number of competitive Cal Grant awards authorized from 25,750 to 34,000, and expands the number of these awards available to, and reserved for, community college students. Existing law

reserves half of the authorized competitive Cal Grant awards for community college students. AB 1721 was held in the Senate Appropriations Committee.

SUPPORT

Bay Area Council

California Competes

California EDGE Coalition

California State Conference of the NAACP

California Student Aid Commission

Community College League of California

EARN

Foothill-De Anza Community College Districts

John Burton Advocates for Youth

Kern Community College Districts

Los Angeles Area Chamber of Commerce

Los Rios Community College Districts

MALDEF

North Orange County Community College District

Peralta Community College Districts

Public Advocates

San Diego Community College Districts

San Francisco Community College Districts

South Orange County

Southern California College Access Network

Student Senate for California Community Colleges

The Campaign for College Opportunity

The Education Trust-West

The Institute for College Access and Success

uAspire

Young Invincibles

Yuba Community College Districts

OPPOSITION

None received